Purpose of this Housing Plan

The City of Nashua’s Housing Plan is intended to provide a meaningful sense of the housing market, an understanding of key housing issues, and provide a list of strategies for implementation. The report should serve as a platform for making calculated policy and programmatic decisions. The information in the report is intended to offer community leaders and stakeholders a basis for formulating community-specific housing priorities, policy alternatives, intervention strategies including land use and zoning decisions, and allocation of City and other resources.

As a framework for evaluating housing needs and determining appropriate action steps, this document is not meant to be a prescriptive list of to-do’s but rather a flexible plan that can shift with changes in Nashua’s local marketplace. The actions in this document also point to timeframes to help the City identify the most critical steps it should take in the short-term and those that may be more appropriate as partners and funding are secured.

Recognizing that market supply and demand will shift with time and as the City begins to act on the recommendations, it is important to track progress and periodically update the data depicted in this study. Tracking progress on unit counts, tenure, sale prices, rent rates, affordability, code violations, etc. are important indicators in determining whether the current path of implementation is effecting change in a positive and equitable way. Plans should be treated as living documents to be evaluated and updated over time.
EXECUTIVE SUMMARY

Nashua is a city that anchors Southern New Hampshire but is also part of a larger metro area with connections to employment centers across Massachusetts as well as points north like Manchester. The City built out from an older industrial core along the Nashua and Merrimack Rivers evidenced by the older housing stock and more densely populated neighborhoods that comprise the Downtown area. Over the years, growth has emanated out from the Downtown core to form a variety of different neighborhoods offering different housing types and styles at varying price points. The city also has pockets of higher density housing, mostly rental apartments, scattered on larger sites to the north, south, and east. Nashua is growing in both its resident population and employment base placing pressure on the existing housing stock and creating price escalation for both ownership and rental units. The city’s proximity to more expensive housing markets in Massachusetts has also made it desirable for young professionals, young families, and retirees.

In 2020, the City initiated a Housing Study to better understand the dynamics in Nashua and the surrounding region that are impacting housing supply and demand. The goal of the study was to provide a meaningful sense of the housing market, an understanding of key housing issues, and provide a list of strategies for implementation. Knowing the City is about to begin the 2020 Master Plan Update, the Housing Study is intended to provide the background necessary to seed conversations about housing, land use, and zoning.

The Housing Study found that Nashua’s housing supply has very limited vacancy in both the owner and rental market as demand for housing of all types and price points continues to rise. A combination of employment growth, regional migration patterns, and now the pandemic have more people looking at Nashua as a place to put down roots. The increase in housing demand is driving up both rents and sale prices. The average sale price for a home in Nashua has grown 19% since 2010, while median rents are up 19% since 2013. Much of the growth and demand is being fueled by residents aged 55 and older and are driving demand for smaller units that are comfortably housing single- and two-person households. These new households are also bringing more money to Nashua. Since 2013, households earning over $200,000 per year increased 60% meaning more households can afford to pay higher sale prices and rents, thereby driving up housing costs for everyone else. The rise in housing costs will likely be felt most acutely in the Downtown area where the City has the highest concentrations of renters, lower-income households, and the oldest housing stock in need of rehabilitation. The Housing Study offers recommendations for addressing these challenges and more.
GROWTH
The City is expected to continue to grow its population and employment base. Today’s housing stock will not accommodate this growth. How and where does the City want to grow should be a key consideration in the upcoming Master Plan.

AFFORDABILITY
Housing prices (sales and rents) are outpacing what most Nashua residents can afford. This means households having to pay more than they should to live in the City. How does Nashua preserve its existing affordable housing stock while encouraging more to be built city-wide?

MINIMIZE DISPLACEMENT
Housing prices and incomes are rising rapidly in Nashua creating immense pressure on the lowest income households to keep up or move out. The displacement of those households may result in less racial and economic diversity in some neighborhoods and push those households further from the jobs and services they depend on. Making affordable housing available in more locations across the City would provide more housing choice for the City’s most vulnerable residents.

DOWNTOWN
Downtown Nashua offers tremendous opportunity to add more housing, but also the greatest threats for impacting lower-income residents. The City must employ strategies that improve the quality of the housing stock and encourage a mix of new market rate and affordable housing to improve quality life for all residents in the Downtown area. Additional households in Downtown will also provide more spending power which will benefit local businesses too.

LEVERAGING RESOURCES
The City will need additional resources to address the housing opportunities and challenges ahead. Seeking partners who can help with housing issues will add knowledge, capacity, and funding resources to match the City’s current efforts. The City should capitalize on strategic partnerships with non-profits, housing agencies, banks, and employers.
Demographic & Market Conditions

- Population, Age, Race/Ethnicity
- Household Composition
- Education and Income
- Employment
- Housing Stock
- Housing Tenure
- Vacancy
- Home Values
- Rents
- Cost Burden

Issues & Opportunities

- Issue Area 1: Accommodating Growth
- Issue Area 2: Ability to Pay
- Issue Area 3: Downtown Nashua

Recommendations
DEMOGRAPHICS & HOUSING MARKET CONDITIONS

Population, Age, Race/Ethnicity
Household Composition
Education and Income
Employment
Housing Stock
Housing Tenure
Vacancy
Home Values
Rents
Cost Burden
NASHUA IS A GROWING CITY.
Nashua’s population has risen rapidly since 1970, adding nearly 30,000 new residents. Growth is projected to continue through the year 2030 with the city adding another 8,000 residents between 2018 and 2030. Nashua’s fastest growing age cohort are those residents 55 years and older, while middle age residents 35 to 54 are shrinking.

NASHUA’S RESIDENTS ARE MORE EDUCATED AND HAVE HIGHER HOUSEHOLD INCOMES THAN IN DECADES PAST.
Nashua saw its number of households earning over $200,000 a year increase by over 60% from 2013 to 2018. In fact, nearly every income cohort grew except those earning less than $50,000 per year. This correlates with the rapid rise in educational attainment. Residents with Bachelor’s degrees or higher increased 11%.

NASHUA’S POPULATION IS DIVERSIFYING AND WITH IT COMES INCOME DISPARITY.
The number of Black, Asian, and Hispanic/Latino residents increased between 2013 and 2018 but White and Asian households continue to earn 2.5+ times the income as Black and Hispanic/Latino households. This has impacts on affordability, ability to pay for housing, and concentrations of lower income households in certain parts of the city.

HOUSEHOLD INCOME FOR RENTERS IS GROWING AT THE HIGHEST INCOME LEVELS.
The number of renter households earning $75,000 or more jumped significantly between 2013 and 2018. This is likely fueling demand for newer, higher priced rental units across the city and pushing prices upward as these households can afford rents at the top of Nashua’s market.

HOME VALUES IN NASHUA ARE RISING, RAPIDLY.
The demand for owner-occupied housing units in Nashua has driven prices up significantly over the last ten years. From 2010 to 2019, home values have appreciated 19%. The median sales price for a newly constructed home in Nashua is $407,439 while the median sales price of an existing home is $321,198.

RENTS ARE ALSO INCREASING IN NASHUA.
Over the last five years, median gross rent rose 19% to a high of $1,287 per month. The number of rental units priced between $1,500 - $1,999 range grew 24% in five years, the fastest of any rent range. Rent growth has been driven by demand for smaller units, typically 1-bedroom units.

ONE- AND TWO-PERSON HOUSEHOLDS ARE DRIVING GROWTH.
Single-person and two-person households increased 12% and 22%, respectively between 2013 and 2018. These two categories brought in nearly 1,500 new households to the city. Larger households are not increasing at nearly the same rate. This is translating into demand for smaller units, particularly smaller rental units.

DOWNTOWN NASHUA SHOULD BE A HOUSING FOCUS AREA.
The combination of high rental percentages, lower incomes, racial and ethnic diversity, lower assessed values, and older housing stock creates challenges for stabilizing the housing in Downtown and maintaining its general affordability. A balanced approach is required to both introduce new market rate and affordable housing, as well as strategic investments to improve the quality of existing housing in the Downtown area.

NASHUA’S HOUSING STOCK IS PREDOMINATELY SINGLE-FAMILY.
Single family housing comprises 86% of the residential land area in Nashua. These units comprise 52% of all housing units in the city. Buildings with less than 10 units account for 93% of residential land area and 74% of all housing units.
Nashua is a growing city.

Nashua's population, like Hillsborough County, grew rapidly between 1970 and 2000. The city experienced a leveling of growth between 2000 and 2013, while the county continued to grow by 5.5%. Since 2013, Nashua's population has grown by just over 2% and is projected to continue to grow through the year 2030. Population projections show the city could add another 8,000 residents by the year 2030. Much of this population increase is predicated on having the housing to support new households over time. This likely relies on redevelopment at a higher intensity than seen in previous decades.

Nashua is a rapidly aging city.

Nashua, like Hillsborough County, is experiencing a rapid aging of the resident population. Residents over the age of 55 increased 22% between 2013 and 2018. Given that residents ages 35 to 54 decreased over that time period, suggests some aging in place but also new residents ages 55+ are moving to Nashua from elsewhere. This correlates to the uptick in residential development with age restrictions or those that market to older residents. The city has also seen a sharp decline in the number of school age children over this five-year period likely correlating to the decline in residents ages 35 to 54 who tend to comprise family households.
NASHUA’S POPULATION IS DIVERSIFYING.
The total population of Nashua increased by just over 2% between 2013 and 2018, but new residents were more diverse than in the past.

Over the five-year period, Nashua lost 3,400 residents who identified as White and gained 5,200 residents who identified as a race or ethnicity other than White. The most significant growth was seen in Hispanic and Latino residents. This group added 2,770 new residents to the city. Residents identifying as Mexican or Puerto Rican comprised 50% of all residents identifying as either Hispanic or Latino.

Nashua also saw an increase of 1,260 residents identifying as Black or African American, and 1,000 residents identifying as Asian.
Demographics & Housing Market Conditions

**Household Composition**

**HOUSEHOLDS ARE INCREASING AT A FASTER RATE THAN THE POPULATION.**

**Change in Household Composition 2013-2018**

Source: ACS 2013, 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Married Couple</th>
<th>Male</th>
<th>Female</th>
<th>Non-Family Households</th>
<th>Living Alone</th>
<th>Not Living Alone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>46%</td>
<td>4%</td>
<td>11%</td>
<td>30%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>45%</td>
<td>4%</td>
<td>12%</td>
<td>30%</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>

**Change in Households 2013-2018**

Source: ACS 2013, 2018

**Household Growth Outpacing Population Growth.**

Between 2013 and 2018, the number of households in Nashua grew by over 4% while population grew by 2%. Nashua added just under 1,500 new households over the five-year period. Householders living alone accounted for 37% of that growth.

**Growth Driven by 1- and 2-Person Households.**

One- and two-person renter households increased by 12% and 22%, respectively. These 1,500 households are accounting for the more rapid increase in households compared to total population. Larger 4- and 5-person households, particularly owner-occupied households, are not increasing at nearly the same rate.

**Older Residents Are Dominating Nashua’s Households.**

Households headed by a resident 65 years or older are driving much of the population and household change in Nashua. Nearly every category of household composition tracked by the Census (family and non-family) shows increases in 65+ households since 2013. The largest increases were in married-couple households and householders living alone.

**Households by Size and Tenure 2013-2018**

Source: ACS 2013, 2018

**Households by Age of Householder 2013-2018**

Source: ACS 2013, 2018

**Household Composition Remains Relatively Unchanged.**

Nashua’s household composition remained relatively unchanged between 2013-2018. Approximately 61% of all households are family households comprised of one or more related individuals living together, of which 16% are family households headed by a single parent.

Single-person households account for 30% of all households in Nashua and have increased by about 600 over the five-year period. Nationally, we have seen a larger increase in single-person households due to delays in marriage, divorce rates, and seniors living alone.

**North Housing Study - 10**
NASHUA RESIDENTS ARE ADVANCING THEIR EDUCATION.

Over the last five years, the number of residents with a bachelor’s degree or higher increased 11%. That translates into nearly 2,169 residents who earned post secondary degrees. There is also a strong correlation between the increase in educated residents and the increase in household incomes over the last five years.

HIGHER INCOME HOUSEHOLDS ARE BECOMING MORE PREVALENT IN NASHUA.

Nashua households have become increasingly wealthier with the highest percentage growth taking place in households earning more than $200,000 per year. Over the last five years, Nashua saw a 13% growth in households earning more than $50,000 per year. This was a faster rate than Hillsborough County (10%). Households earning at or above $75,000 can afford homes priced over $250,000 and rents of $1,875 or more per month.
MEDIAN HOUSEHOLD INCOME OF WHITE HOUSEHOLDS IS 2.4 TIMES HIGHER THAN BLACK, HISPANIC AND LATINO HOUSEHOLDS.

White and Asian households in Nashua have significantly higher household incomes than Black, Hispanic and Latino households. This greatly impacts their ability to pay rents and mortgages, contain cost burdening as prices escalate, and find affordable housing options in the city. It may also be impacting their ability to enter the homeownership market over time as prices continue to rise.

Higher percentages of non-white residents can be found in block groups in and around the Downtown area which correlates with lower income households and much higher percentages of renter households. Block groups on the edges of Nashua also have higher percentages of non-white residents influenced by high numbers of Asian residents.
NASHUA IS SEEING AN INCREASE IN INCOMES AMONG RENTER HOUSEHOLDS.

Nashua renter households have become increasingly wealthier with the highest percentage growth taking place in households earning more than $150,000 per year. Owner households on average have not experienced the same amount of growth in incomes as renter households. The reason for this is because there are already four times more owner households than renter households earning over $100,000 a year. Across the United States, renter households tend to earn less than owner households.

The lowest median household incomes in Nashua are concentrated in the block groups in and around the Downtown area. This also correlates to where the oldest housing stock is located and where most renters are living in Nashua.
## Top Ten Largest Employment Sectors 2019

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>2020 Jobs</th>
<th>2020 Avg. Earning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>12,207</td>
<td>$73,141</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10,572</td>
<td>$128,334</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>9,772</td>
<td>$41,579</td>
</tr>
<tr>
<td>Government</td>
<td>5,104</td>
<td>$76,530</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>4,577</td>
<td>$25,100</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>3,759</td>
<td>$121,513</td>
</tr>
<tr>
<td>Administrative and Support and Waste Services</td>
<td>2,912</td>
<td>$59,651</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>2,715</td>
<td>$35,978</td>
</tr>
<tr>
<td>Educational Services</td>
<td>2,301</td>
<td>$60,866</td>
</tr>
<tr>
<td>Construction</td>
<td>1,986</td>
<td>$71,689</td>
</tr>
</tbody>
</table>

## Top Ten Employment Growth Sectors

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>2029 Jobs</th>
<th>2020 Avg. Earning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>+1,671</td>
<td>$73,141</td>
</tr>
<tr>
<td>Educational Services</td>
<td>+411</td>
<td>$60,866</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>+213</td>
<td>$25,100</td>
</tr>
<tr>
<td>Administrative and Support and Waste Services</td>
<td>+179</td>
<td>$59,651</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>+120</td>
<td>$35,978</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>+46</td>
<td>$24,732</td>
</tr>
<tr>
<td>Construction</td>
<td>+15</td>
<td>$71,689</td>
</tr>
<tr>
<td>Unclassified Industry</td>
<td>+10</td>
<td>$56,502</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>+6</td>
<td>$29,927</td>
</tr>
<tr>
<td>Government</td>
<td>+6</td>
<td>$76,530</td>
</tr>
</tbody>
</table>

### What Can Different Jobs/Earnings Afford in Nashua?

- Manufacturing: $135,000 Home, $120,000 Rent
- Government: $105,000 Home, $90,000 Rent
- Prof/Tech/Science: $75,000 Home, $60,000 Rent
- Educational Services: $45,000 Home, $30,000 Rent
- Admin Support Serv: $15,000 Home, $10,000 Rent
- Accommodation/Food Services: $0

### LOWEST PAYING JOBS IN NASHUA CANNOT AFFORD RENT OR HOME PURCHASE AT NASHUA’S MEDIAN PRICES.

With a median gross rent of $1,287/month and a median home value of $278,400, 31% of employees in Nashua’s top ten largest employment sectors can’t afford units at those prices. These industry sectors are also projected to add employees through the year 2029.
NASHUA’S HOUSING STOCK IS CHANGING TO ACCOMMODATE GROWTH.

NASHUA IS ADDING HOUSING UNITS TO ACCOMMODATE ITS GROWING POPULATION. Between 2013 and 2018, Nashua added an estimated 1,600 new housing units to its overall stock. Much of that growth occurred in multi-family structures with 20 - 80 units around the Downtown and Route 3 south areas. At the same time, the City saw a loss of units in structures with 2-4 units which created a net increase of units closer to 990, or 3%, since 2013.

NASHUA’S HOUSING STOCK IS PREDOMINATELY SINGLE-FAMILY UNITS. In 2018, 52% of Nashua’s housing stock was comprised of single-family housing units. The City added just over 330 1-unit detached and attached homes in the last five years. The City also added 1,335 units in multi-family buildings of 5 or more units, with growth concentrated in buildings of 5-9 units and 20+ units in size. This includes 115 new units of affordable housing.

**Units in Structure 2013 & 2018**

<table>
<thead>
<tr>
<th>Structure</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Unit</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>2-Unit</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>3-4 Unit</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>5-9 Unit</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>10-19 Unit</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>20+ Unit</td>
<td>17%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: ACS 2013, 2018
Demographics & Housing Market Conditions

Housing Stock

**SINGLE-FAMILY HOUSING UTILIZES A LARGE PERCENTAGE OF NASHUA’S LAND.**

Single-family housing comprises 50% of Nashua’s housing stock but comprises 63% of the city’s residential land acreage. Single- and two-family structures together comprise 66% of the city’s residential land acreage. Conversely, residential units in buildings with 50 or more units comprise 20% of the city’s housing stock but only utilize 5% of the city’s residential land acreage. Since much of the larger-scale multi-family housing developments have been constructed on larger parcels at the edges of Nashua (see red parcels on map), land consumption of similar projects in the Downtown area would likely have an even higher ratio of land area to units.

### Residential Land Area to Unit Count Comparison

Source: City of Nashua Assessor Database, RKG Associates

<table>
<thead>
<tr>
<th>Structure Type</th>
<th>% of Land Area</th>
<th>% of Res. Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Unit</td>
<td>63%</td>
<td>50%</td>
</tr>
<tr>
<td>2-Unit</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>3-Unit</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>4-9 Unit</td>
<td>1%</td>
<td>8%</td>
</tr>
<tr>
<td>10-20 Unit</td>
<td>0.2%</td>
<td>2%</td>
</tr>
<tr>
<td>21-50 Unit</td>
<td>0.5%</td>
<td>3%</td>
</tr>
<tr>
<td>51-100 Unit</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>100+ Unit</td>
<td>4%</td>
<td>18%</td>
</tr>
<tr>
<td>Mixed-Use</td>
<td>0.03%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Manufactured Housing</td>
<td>4%</td>
<td>0.04%</td>
</tr>
<tr>
<td>Housing Authority</td>
<td>0.5%</td>
<td>1%</td>
</tr>
<tr>
<td>Nursing Home</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>22%</td>
<td>1%</td>
</tr>
</tbody>
</table>

If the City is looking to create more housing opportunities to accommodate future population and employment growth, multi-family and mixed-use development utilizes less land area per unit than any other housing typology.
Sixty Percent of Nashua’s Housing was Built Before 1970.

Nashua, like most New England cities, began its development history around water and transportation in what is today Downtown Nashua with many structures dating to the early- to mid-1800’s. The older downtown section of Nashua contains the largest diversity of housing types from single-family, smaller multi-family infill buildings, to large 50+ unit multi-family buildings. The Nashville Historic District is located just north of Downtown, beginning in the early 1800’s and expanding considerably in the 1840’s and 50’s as housing was needed to support the growing textile mills.

Residential growth in Nashua occurred in waves radiating out in rings from the downtown core. As development expanded outward, the development pattern became more suburban with single-family home subdivisions on larger lots compared to the historic core. Development after 1970 is most representative of this pattern with larger neighborhoods and subdivisions planned and built leapfrogging Route 3 to the west.

Since 2010, 70% of all housing units added in Nashua were part of a multi-family apartment development bringing in close to 1,000 new units in the last ten years. These new projects have been locating around Downtown and in the southern part of the city along Route 3 in buildings ranging from 20 units to 88 units in size. As much of Nashua’s land area is already utilized, the focus on downtown, the TOD overlay districts, and strategic infill is not surprising.
The share of ownership housing in Nashua has been declining, but very slowly.

As more rental housing has been built, or ownership units converted to rental, the overall percentage of owner-occupied housing has declined. Since 2013, the percentage of housing in Nashua that is renter-occupied increased by 12%.

SINGLE PERSON AND 2-AND 3-PERSON HOUSEHOLDS ARE DRIVING CHANGES.

The number of 1- and 2-person renter households increased by 12% and 22%, respectively over the last five years. On average, owner households are declining especially 3-person households which have declined by 13%.
BLOCK GROUPS WITH HIGHER PERCENTAGES OF RENTERS ALSO HAVE LOWER MEDIAN INCOMES.

Block groups in Nashua where renter households comprise 75% or more of all households have an average median income of $31,400 which is less than half the City’s median of $73,000. Several block groups have median incomes of just over $20,000 which is below the federal poverty line of $26,200.

As housing prices, including rent rates, continue to climb in Nashua, many renter households in these block groups will have a more difficult time finding housing that is affordable and attainable. These block groups also have some of the higher concentrations of residents of color in Nashua.

Households earning between $20,000 and $34,000 a year can afford rent prices in the range of $500-$875 a month. With a median rent of $1,287, much of Nashua’s housing stock is out of reach for these households without a significant boost in income or subsidy for the unit.
Housing Vacancy in Nashua is Extremely Low.

In 2018, 3.1% of Nashua’s housing stock was classified as vacant. This was down from 4.2% five years ago. Nashua’s vacancy rate (number of units actively listed for rent or sale) was 1.1% in 2018. A healthy vacancy rate for a community is typically between 3% and 5%.

The inventory of vacant units that are for sale or for rent is very low. In 2018, there were only 138 units listed as vacant for sale and 300 vacant for rent. This is out of a total housing stock of 38,000 units. As population and employment continue to increase in Nashua, the pressure on the housing market will continue to grow and likely keep vacancy levels low unless more product is introduced.

Approximately 45% of all vacant units are classified as "vacant other" which refers to units that are not available for rent or sale and are off the market for different reasons. These include undergoing substantial rehab, uninhabitable units, foreclosure, among others. Having 45% of vacant units classified as other vacant is not uncommon.

![Vacant Housing Units by Category 2013 & 2018](chart.png)
Ownership Units by Age of Structure
Source: ACS 2018

<table>
<thead>
<tr>
<th>Age</th>
<th>Units</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built 2000 or later</td>
<td>1,893</td>
<td>10%</td>
</tr>
<tr>
<td>Built Between 1980 and 1999</td>
<td>6,189</td>
<td>31%</td>
</tr>
<tr>
<td>Built Between 1960 and 1979</td>
<td>7,108</td>
<td>36%</td>
</tr>
<tr>
<td>Built 1959 or earlier</td>
<td>4,553</td>
<td>23%</td>
</tr>
</tbody>
</table>

In Nashua, 67% of all owner-occupied units were constructed between 1960 and 1999. Nearly three-quarters of all owner-occupied units are less than 60 years old. By New England standards, Nashua's housing stock is relatively new. One of the challenges is to address the housing constructed early, which tends to be concentrated in and around Downtown Nashua. One advantage in Nashua is that a focused effort on housing rehab within neighborhoods with older housing could help preserve that housing stock longer term, particularly where that housing stock is supporting naturally occurring affordable units.

OWNERSHIP UNITS ARE CONCENTRATED IN SMALLER STRUCTURES.
Not surprisingly, a large majority (84%) of owner-occupied units are found in single unit structures whether attached or detached. Taking both one- and two-unit structures together that numbers jumps to 88% of all ownership units. Very few units are in structures larger than ten units, which might indicate a larger condominium development. Nashua has approximately 767 owner-occupied mobile home units, although that number has been shrinking over time. This is another housing option that can provide an affordable housing option for small households.
**Houses Priced Greater than $250K Comprise the Greatest Share of Home Sales in Nashua.**

Approximately 75% of Nashua’s owner-occupied housing stock is valued at or above $200,000, which aligns with stakeholder conversations with real estate professionals and developers/builders. According to MLS sales data from 2019, 91% of sales occurred in this price range as well.

Home values in Nashua have appreciated by 19% over the last 10 years indicating a strong demand for owner-occupied housing. The median sales price of a newly constructed home in Nashua is $407,439 while the median sales value of an existing home is $321,198.
SALES OF NEW HOMES ARE $100,000 MORE THAN EXISTING HOMES IN NASHUA.

RKG defines a new home as one that was built and sold in the same year, and those houses are selling at nearly $100,000 more than houses that already existed in Nashua. Interestingly, the price of a newly constructed home has hovered around $400,000 for the last ten years, while the price of existing homes in Nashua continues to increase year over year. The demand for single-family homes and ownership opportunities in Nashua is driving up the price with average sales prices jumping 19% since 2010.

AVERAGE DAYS ON MARKET HAVE PLUMMETED SINCE 2010.

Since 2011, the average time it takes to sell a home in Nashua dropped 81% from a high of 53 days to a low of 10 days in 2019. For newly constructed homes that number is even lower taking only 6 days to sell. In 2019 there were only 12 newly constructed homes sold in Nashua likely creating the strong demand and extremely low days on market average.
THE NUMBER OF HOMES SELLING FOR OVER $250,000 HAS MORE THAN TRIPLED SINCE 2010.

Since 2010, the number of sales of homes priced at or above $250,000 has increased 221% from 208 sales in 2010 to 668 sales in 2019. Homes selling in nearly every other price range have either decreased or remained the same. Some of this increase is from new, more expensive homes being built and entering the market at a much higher price than existing home sales. More influential are the existing homes in Nashua that are increasing in price with natural appreciation as demand to live in the city has grown. Many homes have either jumped into the $250,000+ price range naturally or have undergone renovations and rehabilitation that increased sales value.

According to MLS data, homes built after 1990 are selling at nearly twice the amount as homes built between 1900 and 1950. Homes built prior to 1990 sold for an average of $265,000 while homes built after 1990 sold for an average of $403,000.

Homes containing three or four bedrooms comprised 96% of home sales in Nashua in 2019. That has remained consistent since 2010. This is likely due to the composition of Nashua’s ownership housing market having far more three- and four-bedroom homes than those larger or smaller. There were very few one- or two-bedroom sales in 2019, indicating a relatively small condo market in the city.
RENTS ARE RAPIDLY INCREASING IN NASHUA.

Gross rent, which is rent plus utilities, has increased 19% over the last five years to a high of $1,287 per month.

2018: Median Gross Rent
$1,287 per Month

RENTS IN THE $1,500 - $1,999 RANGE HAVE INCREASED BY 136%.

In Nashua, 63% of rental units fall within a gross rent range of $500 to $1,500 per month. Over the last five years, rents in the $1,500 to $1,999 range increased by 136% while rents in the $500 to $999 range fell by 18%. It appears from the data that there has been a transition of rental units into this next price bracket. There was also a 33% increase in rental units charging greater than $2,000 per month.
Rental Units by Age of Structure

<table>
<thead>
<tr>
<th>Age</th>
<th>Units</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built 2000 or later</td>
<td>1,508</td>
<td>9%</td>
</tr>
<tr>
<td>Built Between 1980 and 1999</td>
<td>4,395</td>
<td>27%</td>
</tr>
<tr>
<td>Built Between 1960 and 1979</td>
<td>4,491</td>
<td>27%</td>
</tr>
<tr>
<td>Built 1959 or earlier</td>
<td>6,137</td>
<td>37%</td>
</tr>
</tbody>
</table>

Most rental units are in buildings built 40 years ago.

In Nashua, 64% of all rental units are housed in buildings constructed over 40 years ago, with 37% of units housed in buildings constructed before 1959. While these older buildings can be a key component of the naturally-occurring affordable rental stock in the city, they may have some long-term maintenance challenges and potentially interior and exterior finishes not appealing to today’s renters. As new amenitized rental housing stock comes on the market, there may be added pressure placed on these older buildings to raise rents or redevelop to compete with newer product.

Rental Units by Structure Type

Source: ACS 2018

Ment units in Nashua are spread across a wide range of structures.

Nashua has a good diversity of building typologies housing rental units. The largest number of units are in buildings with 20 or more units, not surprisingly. The city also has a good spread of rental units in smaller structures as well with 38% of all rental units in buildings with fewer than four units. Only 10% of all rental units are in buildings with more than 50 units.
RENT FOR ONE-BEDROOM UNITS IS UP OVER 40%.

According to data from Rent Jungle, since 2012 rents for one-bedroom units in Nashua are up 40%, while two-bedroom units are up 33%. The average rent for a one-bedroom unit in 2019 was $1,295 while a two-bedroom unit averaged $1,587. These figures differ slightly from the 2018 ACS gross rent as these capture only a subset of active listings each year.
Woodlands at Nashua

Woodlands at Nashua is located at 3 Sapling Court off Split Brook Road just west of Route 3 on the south side of the city. Close to major commuting routes and nearby retail and restaurants along Daniel Webster Highway. The complex was constructed in 1978 and includes 240 units across several 3-story buildings with individual outdoor balconies. The complex does have a pool, surface parking for vehicles, and rent includes utilities.

Inside the unit there is air conditioning, internet and cable access, dishwasher and disposal, granite countertops, and a microwave. Storage units are available for those that need additional space.

Riverfront Landing

Riverfront Landing is located at 11 Bancroft Street just off the Ferry Street Bridge along the Merrimack River. This is one of Nashua’s newest apartment complexes built in 2018 and offering 152 units in a 4-story building. This complex is located a little over a mile from Downtown Nashua and walkable to all the amenities there. The complex has a clubhouse, pet play area, dry cleaning service, fitness center, bike parking, and both surface and covered parking ($70/month).

The interiors of the units include all modern amenities including high speed internet, cable, in-unit washer and dryer, air conditioning, all modern stainless-steel appliances, balconies, and storage units available upon request.
Demographics & Housing Market Conditions

Cost Burden

Cost Burden 2018
Source: ACS 2018

41%

Cost Burdened Renter Households

MANY RENTER HOUSEHOLDS IN NASHUA ARE CONSIDERED COST BURDENED. HUD considers a household to be cost burdened if they are spending more than 30% of their monthly income on housing costs. In Nashua, about 41% of all renter households are cost burdened which is in line with US averages.

The challenge for households spending more than 30% of their income on housing costs is it leaves less money for spending on other necessities such as food, transportation, education, healthcare, and childcare. Finding ways to build more housing that is affordable to renters is one way of helping to keep cost burdening down.

RENTERS IN NASHUA ARE MORE LIKELY TO BE COST BURDENED COMPARED TO OWNERS. According to data from HUD, 41% of renters were spending more than 30% of their income on housing costs compared to only 26% of homeowners. 18% of those renters were spending more than 50% of the income compared to only 10% of homeowners.
ISSUE & OPPORTUNITY AREA 1
ACCOMMODATING FUTURE GROWTH
The population of Nashua is projected to grow by **7,434 new residents** between 2018 and 2030, an 8.4% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households that population would result in and therefore the new number of housing units needed to accommodate the growth in households. RKG used a trends extrapolated approach based on the change between 2013 and 2018 in average household size and how those households break out into owner and renter households by household size.

To accommodate the population increase projected for 2030, RKG estimates the city may need to produce an additional **4,769 housing units above what exists today**. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households drops slightly from a 54/46 percent split to 52/48 percent.

Under these assumptions, RKG projects the city would need to add another **2,480 owner-occupied housing units and 2,289 renter-occupied units**. Between 2013 and 2018, the city added 1,600 new units. At that pace, the city would fall short of the target needed to accommodate the projected population and household counts if current trends held steady through 2030. This is particularly true for households at or below 50% of AMI, which currently experiences a shortage of affordable housing.
The tables to the right show two different scenarios for allocating projected household growth to households by size. The first scenario uses Nashua's 2018 household composition and assumes that will remain constant out to the year 2030. For example, in 2018, 30.3% of all households were 1-person and 34.6% were 2-person. These percentages are applied in the same way to the total households projected for 2030 which results in 3,094 additional 1- and 2-person households over the next ten years. Since 3, 4, and 5+ person households comprise a lower percentage of Nashua's household composition those percentages are lower than 1- and 2-person households.

The second scenario accounts for the trends in household composition between 2013 and 2018 which saw 1- and 2-person households increase, and larger households decrease. This is not a trend unique to Nashua. Across the United States, smaller households are increasing at a faster rate driven by younger residents living alone for longer periods of time and older adults living longer and increasingly in 1- or 2-person households.

Using the trends over the last five years and extrapolating them out to 2030, there is a large increase in 2-person households and a slight increase in 1-person households. Larger households do grow, but at much more limited rate than is projected in the first scenario. **If the trends from 2013-2018 continue in Nashua, the city will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person households.** While smaller owner-occupied households are projected to grow, most of the growth in smaller households is projected to occur with renters.

With Nashua's remarkably low vacancy rate, the city will need to encourage the production of new housing. This may point to the continued strategy of promoting Downtown Nashua and the designated TOD Overlay Districts as places for housing investment over time. Part of the city’s housing strategy will need to focus on higher intensity multi-family and/or mixed-use development.

### 2030 Projections if 2018 Household Composition Held Constant

**Source:** EMSI, ACS 2013, 2018, RKG Associates

<table>
<thead>
<tr>
<th>HH Size</th>
<th>HHs</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-person</td>
<td>1,446</td>
<td>30.3%</td>
</tr>
<tr>
<td>2-person</td>
<td>1,648</td>
<td>34.6%</td>
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<tr>
<td>3-person</td>
<td>723</td>
<td>15.2%</td>
</tr>
<tr>
<td>4-person</td>
<td>604</td>
<td>12.7%</td>
</tr>
<tr>
<td>5-or-more person</td>
<td>348</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,769</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 2030 Projections if Trends Continued Based on Changes from 2013-2018

**Source:** EMSI, ACS 2013, 2018, RKG Associates

<table>
<thead>
<tr>
<th>HH Size</th>
<th>HHs</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-person</td>
<td>1,710</td>
<td>35.9%</td>
</tr>
<tr>
<td>2-person</td>
<td>3,148</td>
<td>66.0%</td>
</tr>
<tr>
<td>3-person</td>
<td>-329</td>
<td>-6.9%</td>
</tr>
<tr>
<td>4-person</td>
<td>199</td>
<td>4.2%</td>
</tr>
<tr>
<td>5-or-more person</td>
<td>42</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,769</td>
<td>100%</td>
</tr>
</tbody>
</table>
Accommodating Future Growth

The tables to the right show the breakdown of owner and renter households by household size for the two projection scenarios. Under the “household composition held constant” scenario, there is a nearly even split of new households in the owner and renter categories. Many new households are skewed toward 1- and 2-person households which are the two predominant household size categories in Nashua as of 2018.

The second scenario, “trends continued”, extrapolates the changes between 2013 and 2018 outward by ten years to 2030. Under this scenario, much of the household growth occurs with renter households as those have been growing more quickly than owner households. The trends in household size also continue and are focused on growth in the 1- and 2-person households. The majority of growth in owner households is projected to occur in the 2-person and 4-person households, while 1-, 2-, and 3-person households comprise 97% of renter household growth.

Whether 2018 household composition holds, or trends continue over the next ten years, it appears Nashua should focus more on smaller households going forward.
In addition to the projected increase in population, Nashua’s workforce is also projected to increase by adding an additional 2,677 jobs through the year 2029. While some of those jobs will be filled by existing residents currently living in Nashua, some portion of new jobs will be held by workers who want to live in Nashua.

According to data from the US Census’ OntheMap data portal, approximately 30% of all jobs in Nashua are held by workers who also live in Nashua. Said another way, 70% of all jobs in Nashua are held by workers who live outside Nashua. To better understand how many future jobs could be held by Nashua residents, RKG applied a capture rate of 30% to future jobs in highest growing industry sectors. This resulted in a potential capture of 814 jobs that would be held by Nashua residents. Of those 814 new jobs held by Nashua residents, 78% fall within the Healthcare and Educational Services industry sectors. Using average earnings per job in 2020, RKG calculated what a worker in each industry sector could afford assuming they spend no more than 30% of their income on housing costs. About half of the industry sectors have an average earnings per job that could cover rent at Nashua’s current median of $1,287, but none could afford the City’s current median home sale price of $321,000.

As the City looks to continue to grow its job base, housing becomes a more critical component to successful and equitable economic development. If workers cannot afford to live in Nashua, they will need to commute from more affordable communities further away or may look for jobs in more affordable markets. This could have a direct impact on employers looking to fill jobs quickly and may also have indirect impacts on the local economy if worker spending is not captured by Nashua restaurants, retail shops, grocery stores, and other personal service establishments.
According to permitting data provided by the City's Building Safety Department, there are 615 units of housing at different stages in the development pipeline. The vast majority of the housing units (90%) are in structures with three or more units. One of those developments located at 159 Temple Street is permitted for 168 units, another at 41 Central Street (the Bronstein Apartments) is permitted for 216 units. Within the Bronstein redevelopment, 172 units will be priced to households at or below 60% of AMI. A considerable addition to affordable housing in Nashua.

There continues to be demand for detached and attached single-family housing with 59 units in the pipeline. There are 28 new townhomes proposed along Innovative Way and 31 units of single-family homes planned throughout the City. To accommodate future growth in population and households, the City will need to proactively advance housing development.
ISSUE & OPPORTUNITY AREA 2
FINANCIAL RESOURCES OF HOMEOWNERS AND RENTERS
NASHUA HAS VERY DISTINCT BREAKS FOR HOUSEHOLD INCOME AND HOME PURCHASING POWER.

Based on the data collected and analyzed for Nashua, it appears there are three distinct groups of home buyers and renters in the city: upper income buyers and renters, moderate income, and lower income. The upper income group accounts for 49% of all households, while the moderate or middle-income comprise about 27%, with the lower income households accounting for 24%.

The purchasing power of the top 34% of households is about $100,000 greater than the bottom 50% of households. These households can afford purchase prices starting at $331,000 which is a higher price point than what most homes in Nashua sell for. This means there are higher income households purchasing or renting homes at prices below what they could afford, should they choose to do so.

Conversely, households in the middle- and lower-income brackets must compete with greater numbers of households looking for rental and for-sale product given the overall lack of supply at the high end.

To put this in perspective, the median sales price of a housing unit sold in Nashua was $321,300 while the median gross rent was $1,287.
RECENT HOME SALES ILLUSTRATE MARKET DYNAMICS.

Home sale prices vary from neighborhood to neighborhood in Nashua with the highest home sales prices found in the newest neighborhoods at the periphery of the city. Homes in these neighborhoods tend to sell for over $500,000.

For example, homes along Tanglewood Drive on the south side of Nashua sold for an average of $656,000. These homes were constructed in the early 2000’s and average 4,300 square feet with four or five bedrooms. These homes are selling for about $300,000 more than the typical average sales price in Nashua over the last ten years.

Conversely, there are many neighborhoods with more modestly priced homes particularly those in closer proximity to Nashua’s downtown area. For example, the streets between Hollis and Kinsley have an average sales price closer to $180,000. These homes were constructed in the early 1900’s and average 1,500 square feet with three bedrooms. These homes (including multi-family buildings) are selling for $140,000 less than the average sales price in Nashua.

Demand for housing in Nashua has trended upward over the last ten years. In 2012 Average Days on Market for a new home was 94 days, in 2019 that dropped to 6 days. Average days on market for all homes sold in 2012 was 42 and has since dropped to 10 in 2019.
ACCESS TO QUALITY AFFORDABLE HOUSING IS CRITICAL.

In Nashua, about 35% of households earn less than 50% of the area median income (AMI). These households often experience housing instability, may rely on housing assistance, and are typically spending more on housing as a percentage of their overall income.

The Nashua Housing and Redevelopment Authority owns and operates 662 units of subsidized public housing, with 409 units designated for elderly/non-elderly disabled residents with incomes at or below 50% AMI. The housing authority also has 853 tenant-based vouchers under their jurisdiction.

The current waitlist suggests a great need for affordable housing with 3,755 families on the waitlist for housing. With an annual turnover of about 68 units a year, it would take 55 years to accommodate all families on the current waitlist. This does not include any new families moving to Nashua, or those whose incomes fall into a qualifying AMI bracket over time.

According to waitlist data provided by the NHRA, the greatest housing need is for 1- and 2-bedroom units, comprising 89% of the waitlist requests. 78% of families on the waitlist have incomes below 50% of AMI and are unlikely to find housing that matches their income on the open market in Nashua. This often results in families paying more for housing than they can reasonably afford.

<table>
<thead>
<tr>
<th>Area Median Income Threshold</th>
<th>Income</th>
<th>Households</th>
<th>Affordable Monthly Rent</th>
<th>Affordable Home Purchase Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI (Extremely Low Income)</td>
<td>$30,000</td>
<td>7,289</td>
<td>20%</td>
<td>$750</td>
</tr>
<tr>
<td>50% AMI (Very Low Income)</td>
<td>$49,950</td>
<td>5,466</td>
<td>15%</td>
<td>$1,249</td>
</tr>
<tr>
<td>80% AMI (Low Income)</td>
<td>$70,650</td>
<td>4,817</td>
<td>13%</td>
<td>$1,766</td>
</tr>
<tr>
<td>100% AMI (Moderate Income)</td>
<td>$99,900</td>
<td>6,422</td>
<td>13%</td>
<td>$2,498</td>
</tr>
<tr>
<td>120% AMI (Moderate Income)</td>
<td>$105,975</td>
<td>807</td>
<td>2%</td>
<td>$2,649</td>
</tr>
<tr>
<td>Above 120% AMI (Middle Income +)</td>
<td>$105,976+</td>
<td>11,473</td>
<td>32%</td>
<td>$2,650+</td>
</tr>
</tbody>
</table>

The NHRA also maintains a waitlist for Section 8 vouchers which currently holds a waitlist of 4,642 families. Annual turnover of vouchers is estimated at 45 families per year and at that rate would take over 100 years to accommodate all the families on the waitlist today. Of families on the waitlist, 90% have incomes below 30% of AMI with 99% below 50% of AMI which reflects the programs income limitations to serve a majority of households at or below 30% of AMI.

According to the City’s 2020 Consolidated Plan, the NHRA is in the process of planning a major redevelopment of the Bronstein Apartments utilizing a combination of low-income housing tax credits, bond financing, and HUD Section 18. The plan is to demolish 48 units of public housing and replace them with 204 newly constructed units of mixed-income rental housing. Seventy of the units will be affordable to extremely-low and low-income households. This is a much-needed project as the NHRA has noted the current housing portfolio needs remodeling and renovation and current HUD Capital Fund monies are not nearly enough to address all the modernization needs the housing authority has.
**Issues and Opportunities**

**Financial Resources of Homebuyers and Renters**

**THERE ARE MORE POTENTIAL BUYERS IN HIGHER INCOME BRACKETS THAN THERE ARE HOUSING UNITS THAT MATCH THEIR PRICE POINTS.**

For households earning at or below 30% of AMI, there are 769 more households than there are housing units. Only 10% of owner-occupied units are valued at less than $99,430. Many of these lower priced units may need rehabilitation or interior upgrades to make the units livable and marketable to today's homebuyers. The neighborhoods these units are in may also need attention from the City for clean up efforts, code enforcement, and infrastructure investments.

Units priced between 50-80% of AMI account for 34% of all owner units, yet only 24% of owner households have incomes that fall within this grouping. There is a net surplus of 1,759 units indicating higher income households are likely buying down in Nashua's market since overall vacancy for homeowner units is extremely low.

Households earning more than 100% of AMI account for 66% of all owner households, with the supply of units priced to meet the demand accounting for 61% of the units. **There is a deficit of 990 units for households above 100% AMI.** This indicates a potential market for new higher priced housing that could ease the competition for moderate income units.
THE MARKET FOR AFFORDABLE RENTAL UNITS IS TIGHT AT THE LOW END OF THE INCOME SPECTRUM.

For extremely low-income renter households, the supply of affordable and available units is tight. There are 2,943 more households than available affordably priced units. Nearly 14% of occupied rental units have rents below $750 a month, illustrating the degree to which some Nashua residents rely on affordable housing that matches their incomes.

Units priced between 50-80% of AMI account for 70% of all rental units, while only 33% of renter households have incomes corresponding to this price bracket. This creates a surplus of 6,111 units that are likely rented by households with lower incomes who are likely spending more than they should on housing costs.

Renter households earning more than 100% of AMI account for 34% of all households, but the supply of units at this price point accounts for only 16% of the rental stock. The gap between demand and supply for households above 100% AMI is 3,168 units.

The lack of higher priced rental units in Nashua puts downward pressure on the supply of housing priced for lower income households. Higher income households have more choices in the housing market and are likely renting units at a lower price point than they could otherwise afford.
OLDER HOUSEHOLDS WITH HIGHER INCOMES ARE GROWING AS A SHARE OF ALL HOUSEHOLDS IN NASHUA.

The increase in older householders (those over 65 years of age) is not only leading to changes in total population, but it is also changing the income dynamics in Nashua. Between 2013 and 2018 there were 526 additional households headed by a person over the age of 65 that was also earning over $100,000 a year. There were 919 additional households headed by a person between 44 and 64 earning over $100,000 a year.

These households, particularly the 65 and older households, are a rapidly growing share of new renter households in Nashua. Between 2013 and 2018 there were 419 additional renter households and 522 owner households headed by a person age 65 and older. With many of these new households bringing incomes in excess of $100,000, it means they can afford housing at a higher price point than many other households in Nashua.

If these new senior households choose to rent or purchase housing at their level of affordability (30% of annual household income), they could afford rents of $2,500 a month or more and purchase prices of $331,000 or more. Households headed by residents ages 45-64 have even higher incomes, with nearly 700 additional households earning $200,000+ annually.

At the same time, there has been a decrease in households headed by a person 25-64 and earning less than $50,000 a year. Rising housing prices plus an influx of higher income households could be creating pressure to leave Nashua if housing is not readily available at prices affordable to lower-income households. This may also be hurting the local economy as residents in prime working years have to live further away and possible find jobs elsewhere in the region.

Change in Households Earning over $100,000 by Age Cohort 2013-2018
Source: ACS 2013, 2018

- Under 25: -10
- 25-44: 437
- 45-64: 919
- Over 65: 526

Households
ISSUE & OPPORTUNITY AREA 3
DOWNTOWN NASHUA
DEFINING THE DOWNTOWN AREA.

To identify the statistics relative to Downtown Nashua and the surrounding neighborhoods, RKG chose 20 Census Block Groups that generally cover the area within one-mile of Main Street in Downtown.

These Block Groups also hold the highest concentrations of renter households, lower household incomes, lower sales prices, and a wider diversity of housing types.

The Downtown area is a unique part of Nashua in that it is both a focus of reinvestment and redevelopment, but also has a lot of naturally occurring affordable housing due to the age and condition of many of the structures. Downtown is also an area that could help ease some of the housing pressures by adding higher density housing here thereby preserving the single-family development pattern of other neighborhoods.

As the City considers how to steer investment in Downtown, it is important to recognize the impacts certain changes could have on the existing population and the range of housing currently in this area. The following pages describe the unique characteristics of the housing stock and population within Downtown.
DOWNTOWN CONTAINS A DIVERSITY OF HOUSING TYPES.

Downtown Nashua, like many downtowns within larger cities, contains a mix of housing types in buildings ranging from single-family homes to small infill buildings with 4-9 units to larger scale multi-family and mixed-use buildings.

The housing choices in the neighborhoods are a mix of one-, two-, and three-unit structures but the closer to Main Street you get density of housing increases. Along Main Street north of the Nashua River in the area along Amherst Street there are pockets of buildings containing anywhere from four to twenty units. The neighborhood between Hollis and Kinsley Streets just west of Main Street also offers several different building types from single family units to buildings with four to nine units.

There are a handful of buildings in the area that have fifty units or more, including developments like Clocktower Place and Lofts 34 along the Nashua River, Riverfront Landing along the Merrimack River, and Gatewood Manor along Will Street.
RENTER HOUSEHOLDS ARE MORE PREVALENT DOWNTOWN THAN ELSEWHERE IN THE CITY.

As was noted earlier, the Downtown area has the highest concentrations of renter households of anywhere in the city. All but six Block Groups have over 67% renter households. There are six block groups along the spines of Hollis Street and Main Street that have over 85% renter households.

It is not atypical for downtown areas to have much higher percentages of renter households, and Nashua is no exception. The important point is to recognize that some of these Block Groups have some of the lowest incomes in the city and investment in the Downtown area could result in rising housing prices which could inadvertently impact the affordability of the area for these residents. A balanced approach of investing in both market rate and affordable housing solutions could help to mitigate some of the challenges these households face today and into the future.
MEDIAN INCOME IN THE DOWNTOWN IS LOW COMPARED TO THE REST OF THE CITY.

As noted on the previous page, median household income in the Downtown area is very low compared to many other parts of the city. Fourteen out of the twenty Downtown area Block Groups have median incomes of less than $44,000. This is nearly $30,000 less than the city-wide median. Downtown Nashua also includes the poorest Census Tract in New Hampshire.

Across the United States, renters tend to be in the highest risk category for cost burdening, displacement, and eviction particularly in the economic situation we are in today. In Nashua, the Downtown area is a prime example where lower-income renter households may be at risk for several of these factors if the affordability of the housing stock is not maintained or expanded over time. This speaks to a balanced approach of adding both affordable housing and market rate housing in Downtown.
THE HOUSING STOCK IN DOWNTOWN IS OLDER THAN ELSEWHERE IN THE CITY.

The Downtown area has a much higher concentration of older residential structures than anywhere else in Nashua. Over 62% of all residential structures in the Downtown area were constructed prior to 1930, and 73% were constructed prior to 1950. This means 3 out of every 4 residential structures in this area is more than 70 years old.

There are 4,300 residential structures in the selected Downtown area. Only 300 of those structures were built after 1979, which is the standard cut-off year for the utilization of lead paint which can be a major health hazard especially to young children. While there is no way of knowing what mitigation has or has not taken place in these structures, the City should prioritize rehabilitation funds to address issues and educate property owners.

It is also likely that properties in the Downtown area have undergone some modernization over time. For example, the year built for Clocktower Place is shown as Pre-1930 but that building, and its units have undergone substantial renovation as it was converted from an old mill to multi-family residential.
DOWNTOWN AREA NEIGHBORHOODS HAVE POCKETS OF BUILDINGS WITH LOW ASSESSED VALUES.

The assessed value of a building can be a good indicator for understanding the quality of the structure and whether upgrades to the interior or exterior have taken place. According to the City’s Assessor Database, 73% of all residential structures in the Downtown area have building value of less than $200,000. Across the city, 57% of residential structures have a building value of less than $200,000.

The lower assessed values in the Downtown area are likely attributable to the older structures discussed on the previous page and that a large majority of the properties are investor-owned rentals. Households in the Downtown area also have lower incomes which can make it more challenging to invest in a home or property to make necessary upgrades. The City should prioritize housing rehab funds to help owners and/or landlords with property maintenance and upkeep.
NEARLY ALL SALES IN THE DOWNTOWN AREA ARE BELOW THE CITY’S MEDIAN.

Nashua’s city-wide median sale price for an owner-occupied unit was $321,198. In 2019, 80% of sales in the Downtown area were less than the city-wide median. Over the last 10 years, 93% of sales were less than that city-wide median.

The combination of an older housing stock, smaller units, units that have not been upgraded to meet the desires of today’s buyer, and a consumer population that requires lower priced housing are all contributing to the lower sales prices in this area. Over the last nine years, single-family homes sold in the Downtown area have sold for an average of $218,000 while multi-family structures sold for an average of $242,000. The fact that multi-family structures are not selling for considerably higher values than single-family may speak to the condition and age of those properties and how they have been maintained over time. This also matches up with the findings of the assessed value of buildings map on the previous page.
ESTIMATING REHABILITATION NEEDS CITYWIDE.

The City of Nashua offers an annual Home Improvement Program (HIP) and a Rental Rehab Program funded through the City’s Community Development Block Group (CDBG) funds. The City makes loans under these programs to improve older inner-city neighborhoods and preserve the supply of housing. Loans are available to owner-occupants of 1-4-unit buildings and investors who own buildings of 1-8 units who also meet the income restrictions of being at or below 80% of AMI (or their tenants must meet these requirements).

The loan is offered at 0% interest and the principal is repaid when the property is sold or transferred. Investors must contribute 10% of the total contract costs for rental rehab. Funding for the loan program is available on a first come, first served basis until the money is committed. Over the last four years of the program, the City was able to fund between 4 and 13 loans with total CBDG funds between $46,855 and $121,297 per year.

Funds can be used for a wide range of housing rehabilitation projects such as:
- Roof repair
- Plumbing/Bathrooms
- Kitchen repairs
- Doors
- Windows
- Electric
- Lead abatement
- Heating
- Accessibility improvements
- Exterior improvements

Nashua Housing Improvement Program Summary 2017-2019

<table>
<thead>
<tr>
<th>Program Year</th>
<th>No. of Units</th>
<th>CDBG Allocations</th>
</tr>
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<tbody>
<tr>
<td>2016</td>
<td>13</td>
<td>$110,958</td>
</tr>
<tr>
<td>2017</td>
<td>4</td>
<td>$46,855</td>
</tr>
<tr>
<td>2018</td>
<td>7</td>
<td>$111,388</td>
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<tr>
<td>2019</td>
<td>10</td>
<td>$121,297</td>
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<tr>
<td>Total</td>
<td>34</td>
<td>$219,692</td>
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Nashua Housing Improvement Program Funding by Year Built of Structure

<table>
<thead>
<tr>
<th>Year Built</th>
<th>No. of Units</th>
<th>CDBG Allocations</th>
<th>Avg Funds Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1930</td>
<td>18</td>
<td>$207,264</td>
<td>$11,514</td>
</tr>
<tr>
<td>1930 - 1960</td>
<td>7</td>
<td>$107,718</td>
<td>$15,388</td>
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<tr>
<td>1961 - 1979</td>
<td>6</td>
<td>$49,266</td>
<td>$8,211</td>
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<tr>
<td>1980 - Present</td>
<td>3</td>
<td>$26,250</td>
<td>$8,750</td>
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<tr>
<td>Total</td>
<td>34</td>
<td>$390,498</td>
<td>$11,485</td>
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</table>
ESTIMATING REHABILITATION NEEDS CITYWIDE.

As part of this Housing Study, the City asked RKG Associates to develop an order of magnitude estimate of rehabilitation needs for housing across the city. This estimate would help the City understand the potential rehabilitation needs and how programs and funding could potentially be adjusted or augmented to meet future needs.

To address this question, RKG created a multi-step approach which is outlined in the graphic to the right. Using the City’s current HIP funding criteria and applying some factors of our own to relate age of structure and value to potential need, RKG developed a potential estimate of rehab funding citywide. To better understand how assessed value could be used as an indicator for rehab needs, RKG calculated the average assessed value for all qualifying properties (12,755) and used a cut off of two standard deviations from the average. Any qualifying property with a total assessed value below $159,196 was identifying as a candidate property. This exercise left us with 125 properties citywide.

If we assume each qualifying property may require an average of $10,000 in rehab funding, that create a potential funding need of $1.25 million. If we used one standard deviation from the average and a threshold of $214,754 that would qualify 1,200 properties creating a potential funding need of $12 million. The total funding need could be higher or lower depending on the needs of individual properties across the city. RKG did not have the information to determine whether current owners would meet the 80% of AMI threshold nor if the properties were currently owner-occupied.
**HOUSING REHAB DOLLARS COULD BE FOCUSED ON THE DOWNTOWN AREA.**

Under the assumption that 125 properties across the city would qualify for funding, RKG mapped the location of those properties and found that 106 (85%) fell within the Block Groups of the Downtown area. This is not surprising given the age of structures in the Downtown area and the corresponding assessed values.

If the City were to focus rehab efforts on the Downtown, it could help with property stabilization and increase the safety and quality of housing for residents. If we assume $10,000 in rehab funding per Downtown structure (106 in total), a $1.06M investment could go a long way to helping improve Downtown housing. Given the propensity of properties to be renter-occupied, the HIP funding qualifications may need to be adjusted to apply to investor-owned properties as well.

The City’s continued efforts around lead abatement can also be part of the rehabilitation of older units as it is typical for older units to contain lead paint that requires abatement. Several of the City’s target Census Tracts for lead abatement align with the Downtown area.
RECOMMENDATIONS
ORGANIZATION OF RECOMMENDATIONS

The demographic and market conditions and the issue and opportunity area analyses pointed to several gaps in Nashua’s housing market, delivery system, and financial resources. To address the housing demand gaps, affordability concerns, and stretched resources, this housing plan presents recommendations that when used in combination will help address identified gaps. These recommendations include regulatory, financing, programmatic, and partnership tools to encourage new investment in housing across Nashua. Recommendations have been organized into four categories, each of which address a specific issue, outcome, or approach. For each recommendation there is an associated time frame, an indicator for which key issue(s) it addresses, and a description of the recommendation and in some cases a real-world example of how it has been implemented in other places.

PLANNING FOR SUCCESS
- Utilize Master Plan, Land Use Policy, and Zoning to Address Housing Choice, Affordability, and Location
- Continue to Integrate Accessory Dwelling Units
- Leverage Public Land for Housing
- Educate the Public on the Need for and Benefits of Housing

ALIGNING POLICIES AND HOUSING OUTCOMES
- Create an Affordable Housing Trust
- Update Inclusionary Zoning Regulations
- Phase in Rental Registry and Inspection Process

INVEST IN NEW AND EXPANDED HOUSING PROGRAMS
- Expand Rental and Owner Rehab Programs
- Reintroduce First Time Homebuyer Program

EXPANDING PARTNERSHIPS
- Leveraging Capital from Housing Partners
- Continue the Partnership with the Housing Authority
- Right of First Refusal Policy
- Working with Employers to Identify Opportunities to Partner on Employer Assisted Housing
### Recommendations

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ISSUE or OPPORTUNITY AREA</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>ACCOMMODATING FUTURE GROWTH</td>
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<tr>
<td><strong>Planning for Success</strong></td>
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<tr>
<td>Utilize Master Plan, Land Use Policy, and Zoning to Address Housing Choice, Affordability, and Location</td>
<td>X</td>
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<tr>
<td>Continue to Integrate Accessory Dwelling Units</td>
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</tr>
<tr>
<td>Leverage Public Land for Housing</td>
<td>X</td>
</tr>
<tr>
<td>Educate the Public on the Need for and Benefits of Housing</td>
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<tr>
<td><strong>Aligning Policies and Housing Outcomes</strong></td>
<td>X</td>
</tr>
<tr>
<td>Create an Affordable Housing Trust</td>
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<tr>
<td>Update Inclusionary Zoning Regulations</td>
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<tr>
<td>Phase in Rental Registry and Inspection Process</td>
<td>-</td>
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<tr>
<td><strong>Invest in New and Expanded Housing Programs</strong></td>
<td>X</td>
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<td>Expand Rental and Owner Rehab Programs</td>
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<td>Reintroduce First Time Homebuyer Program</td>
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<td><strong>Expanding Partnerships</strong></td>
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<td>Right of First Refusal Policy</td>
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<td>Working with Employers to Identify Opportunities to Partner on Employer Assisted Housing</td>
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</tr>
</tbody>
</table>

**Matrix Key:**
This matrix shows the recommendations organized by topic area and the issues each recommendation addresses. The colored circles associated with each issue or opportunity area are used throughout the recommendations section to identify which areas are being addressed.
RECOMMENDATIONS

LEVERAGING GROWTH TO EXPAND HOUSING CHOICE
Utilize the Master Plan, Land Use Policy, and Zoning to Address Housing Choice, Affordability, and Location

Issues/Opportunities Addressed:  

Timeframe for Action:  Short Term

In 2020, the City of Nashua will embark on an update of the 2000 Master Plan which is a comprehensive long-term plan for the City addressing a multitude of planning and community development topics. One of the key elements of a Master Plan is an updated look at land use policy and zoning regulations and how those important components can be used to guide future development across the City. The Master Plan should be the guiding document that sets the long-term vision and goals and describes the role each element of the Plan plays in bringing the City closer to the vision for the future.

During the Master Planning process there are also opportunities to engage the public in discussions around the future of the City and how it should be preserved or changed over time. The timing of the Master Plan presents an excellent chance to bring up the topic of housing and discuss where new housing should be built, the types of housing appropriate in different parts of the City, and how best to align housing development with other amenities or needs residents have. This might include transportation, parks and open space, access to jobs, childcare services, educational facilities, and shopping and dining.

Conversations with residents and other members of the public will help inform how ideas get translated to policy and regulation. Most Master Plans include an illustration of desired future land uses and how those are dispersed across the City. This then guides the discussions around zoning regulations and how to change them or strengthen them to achieve desired outcomes.

Topics for the Master Plan related to housing might include:
• Housing in the Downtown and South Main Street
• Housing along major commercial corridors
• Integrating "missing middle" housing options into the existing city fabric
• Distribution of affordable housing options across other parts of the City
• Adding or changing housing programs or funding over time
Continue to Integrate Accessory Dwelling Units

Issues /Opportunities Addressed:  

Timeframe for Action:  Short Term

An accessory dwelling unit (ADU) is an independent residential living area that is on the same property as a larger, primary dwelling unit. The term “accessory” is purposely meant to describe the unit as secondary to the primary unit, in the same way a garage is of secondary importance to the home. These units cannot be sold separately and are typically limited in size to help reduce impacts on neighbors and blend in with surrounding homes. These units can help meet a wide range of living arrangements, provide an affordable housing option to family or friends, or create an opportunity for the primary homeowner to generate additional income through rent.

An accessory dwelling unit generally takes three forms:
1. **Re-purposed space:** e.g. above the garage or in the basement.
2. **Stand-alone unit:** separate from the primary home.
3. **Attached:** addition to the primary home.

ADUs in Nashua could play an important role in the City's overall housing stock based on what we know from the demographic and market data:
- ADUs offer an affordable housing option for smaller households
- ADUs could provide seniors, especially those living alone, with another housing option and allows older owners to age in place
- ADUs could also provide a lower cost housing option for younger residents
- ADUs more easily integrate multi-generational households to live together in the same structure or on the same property
- ADUs offer a quick and easy way to boost housing production

ADUs are allowed by law across the State of New Hampshire, therefore Nashua must also allow them to comply with state statues. According to City staff, the Planning Department sees on average one ADU application per month and would likely see more but cost is the biggest hurdle for existing homeowners. ADUs are allowed by Special Exception in Nashua, not by right, which adds an additional layer of process, time, and money to getting your approval.

In response, the City should consider the development of pre-approved ADU plans that could more quickly and easily be permitted and constructed. This would save time and money for the owner and City staff and boards. If Nashua can establish pre-approved designs for ADUs, there could be an opportunity to revisit the discussion around making ADUs by right instead of through Special Exception. The City could make ADUs part of a city-wide housing campaign to more widely introduce the concept, discuss the benefits and drawbacks, show some local examples, and describe the process for permitting and constructing an ADU.

The City might also consider reduced fees for ADUs compared to traditional residential structures to encourage more units and reduce the cost barriers.
Reducing Barriers to ADUs

Case Study – ADU Barrier Reduction, Seattle, WA

Some states and municipalities across the country have taken additional steps to make the approval and permitting of ADUs as streamlined as possible while still considering the impacts on surrounding property owners. For example, the City of Seattle has been working for several years to streamline the ADU permitting system and reduce as many barriers to cost and construction as possible. A report from the City’s Planning Director in 2016 identified several barriers to address to improve the delivery of ADUs. These included:

• Removal of off-street parking requirements for ADUs
• Reduce minimum lot sizes for detached ADUs
• Allow the same gross square foot limits for attached and detached ADUs
• Allow flexibility for placing primary entrances
• Allow modified roof lines/features that create useable spaces
• Allow an ADU structure to be placed within the rear setback

In February 2020, the City put out a call for submissions of designs for detached ADUs that could be chosen for pre-approval making the development of ADUs in the City faster and easier. The intention was for a selection committee to choose between 6-10 plans that City permitting staff would pre-approve for compliance with structural codes. These plans would then be displayed online with the designers contact information and property owners could contact the designer to have plans drawn up and begin the steps to permit the ADU on their site.

The City notes pre-approved designs will offer a faster, easier, and more predictable path to permitting and construction of ADUs. Homeowners choosing the pre-approved plans will pay reduced permit fees and get their permit within 2-6 weeks for sites without environmental issues, drainage, or protected trees. On a similar note, the State of California has a similar process in many of its cities building on a statewide mandate to remove barriers to the permitting and construction of ADUs. Several cities across California have created pre-approved plans for ADUs and some have even partnered with modular construction companies to build pre-approved ADUs for buyers.

Sources: Barriers to ADUs ADU Pre-Approvals
Leverage Public Land for Housing Production

Issues /Opportunities Addressed:  

Timeframe for Action:  Short and Mid Term

Disposing of available City-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component. Based on conversations with City staff, publicly owned buildings and land have been offered to the development community in the past to support the creation of affordable housing.

One challenge in Nashua today is the cost of construction (labor and materials) and the achievable rents may be making it more challenging to get these projects off the ground. The City should continue to explore all options such as deferring tax payments if affordable housing is included, selling the land at a significant discount, or providing a grant or no interest rate loan for a portion of the cost. The City may also want to consider hosting a developer tour and/or a roundtable to showcase available sites (public and private) that are available for development. As part of the roundtable, a discussion could be facilitated to identify potential barriers to completing a project on a site.

One short term step the City could take is to identify the most appropriate department(s) to oversee disposition and charge its staff with creating a disposition strategy. This should also include the establishment of criteria for identifying potential sites for disposition and the criteria used to rank those sites for supporting housing.

Considerations for Potential Properties

- **Minimum Lot Size:** Over 5,000 square feet, but preference for larger sites that could accommodate multi-family units.
- **Use of Property:** Ensure there are no other competing public uses for the property, and no plans by other city or school district departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.
- **Zoning:** Property should be in an existing residential or mixed-use district or overlay district.
- **Infrastructure Capacity:** Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.
- **Property Location:** Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.
- **Environmental Considerations:** Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.
Issues /Opportunities Addressed:  

Timeframe for Action:  Short and Mid Term

Housing, and particularly affordable housing, can be a challenging topic to discuss and describe in most communities. There are often many misconceptions around affordable housing, who it is for, how it is designed, the presumed issues that come with it, and why it is needed. The topic of affordable housing tends to draw out negative comments and misinformation which swirls on social media, websites, and in our daily community conversations with friends and neighbors. Anti-housing advocates can quickly spread misinformation and potentially derail needed housing investments.

To get out ahead of any potential communication issues around housing, the City should consider a public education campaign to help educate residents, property owners, and even elected officials on the concepts around affordable housing and the issues it can help address. The campaign could include:

- A dedicated website to collect and distribute information on affordable housing
- Social media campaigns with regular posting or links to information
- Public meetings or pop-up events to talk about housing in Nashua
- Public service announcement on local cable access channels
- Informational flyer or mailer sent to households in Nashua
- A semi-regular topic of discussion at Board of Aldermen meetings

The City of Salem, MA recently conducted a media campaign around affordable housing in partnership with the Metropolitan Area Planning Council (MAPC). The “Homes for Salem” initiative is a video series highlighting the struggles Salem residents and workers face in finding affordable housing. The four-part video series tackled topics on the housing market, housing needs, meeting housing challenges, and spreading the word.

**Case Study – Public Support for Affordable Housing, Cape Cod, MA**

The affordable housing crisis on Cape Cod due to the uptick in seasonal and vacation rental units was driving the housing market out of reach for many who live and work locally. The Lower Cape Community Housing Partnership was started as a community-based strategy to build public awareness and support for affordable housing. The Partnership equips low- to moderate-income residents, business leaders, municipal staff, and elected officials with the knowledge and skills to support the creation of more affordable housing.

The three-part strategy included the formation of the Lower Cape Housing Institute which is a six-week workshop for municipal officials to equip them with the tools and resources to boost affordable housing. The Lower Cape Advocacy Training which is directed at residents to equip them with information to be able to speak up at public meetings. Public Education which sought to share information on the importance of affordable housing with the public at-large.

Source: Lower Cape Partnership
RECOMMENDATIONS
ALIGNING POLICY AND HOUSING OUTCOMES
Create an Affordable Housing Trust Fund

Issues/Opportunities Addressed:

Timeframe for Action: Short Term

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the city level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this Housing Study.

The entity administering the fund, in this case the City of Nashua, would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:

- Emergency rental assistance
- Gap financing for new construction of affordable units
- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention

Once the AHT is established the City will need to determine who will be administering the fund. Typically, these funds are administered by existing public office that have experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. In Nashua, this is likely the Community Development Division which already handles the City’s allocations of federal housing funds through the Urban Programs Department. Placing the oversight of the AHT within the Community Development Division would also create synergy with the City’s Consolidated Plan, Master Plan, development permitting, and connections with other housing partners.

The entity responsible for managing the housing trust fund will need to make a variety of administrative decisions about the fund’s operation:

1. How will awards be structured—as grants, low-interest or forgivable loans, credit guarantees, or in some other form? This decision will be guided in large part by the activities to be funded.

2. How will the application process be structured? Should it be on a rolling basis, annual, or semi-annual? Should submission timelines be coordinated with other funding programs?

3. How will applications be evaluated? Will priority be given to any types of projects, or projects with certain characteristics?

4. How will long term monitoring be handled for affordable units?

Nashua will also need to establish other rules and guidelines regarding administration of the housing trust fund, including establishing the agency or department responsible for day-to-day management of the fund and expectations for reporting on housing trust fund activities. Many cities also establish an advisory body composed of stakeholders from diverse backgrounds to help guide trust fund administration and provide program oversight.

There are many possible funding sources to capitalize the AHT which could include revenue from payments in lieu of affordable housing, linkage fees, real estate transfer taxes, taxes or fees on short-term rentals, proceeds from the sale of City-owned property, or even a dedicated revenue source from an annual budget appropriation. The City should strongly consider tying Inclusionary Zoning to the AHT to generate funds from payments in-lieu.
Create an Affordable Housing Trust Fund

Case Study – Affordable Housing Trust, Somerville, MA

The Affordable Housing Trust in Somerville, Massachusetts is focused on preserving and creating affordable rental and homeownership units, as well as providing direct assistance to renters and homeowners. Funds may be used for a variety of activities that support these goals, including site development for new construction; rehabilitation subsidies and arson prevention for existing developments; and assistance with security deposits or down payments and closing costs for renters and homebuyers. Trust documents also allow for funds to be used to research other appropriate activities or to provide seed money for new programs or organizations.

Funding for the Trust comes from a variety of sources, including linkage fees and in lieu payments from the city’s inclusionary zoning programs, as well as allocations from the city and from the federal Emergency Shelter Grant program. At least 20 percent of funds must be used to serve households with incomes below 50 percent of AMI, although the Trust “encourages deeper affordability” and the use of funds to serve people experiencing homelessness. Another 20 percent is reserved for households at 51 to 80 percent of AMI, and 10 percent must go towards those with incomes between 81 and 100 percent of AMI.

The Trust is governed by a nine-member Board of Trustees that includes the Mayor, President of the City Council, and Executive Director of the Somerville Housing Authority (or their designees), as well as six members appointed by the Mayor or approved by the City Council including representatives from the housing or real estate and banking or finance sectors and at least one Somerville resident who is eligible for state or federal public housing programs.

Best Practice Guide – Municipal Affordable Housing Trusts

In 2013, the Massachusetts Housing Partnership (MHP) created a best practices manual for establishing Municipal Affordable Housing Trusts. Although the guide references specific Massachusetts State Statutes, information around how a trust can help, the vision and role of the board of trustees, and gaining support locally are transferable to other states.

Source: MHP Guidebook

Local Example – Affordable Housing Trust, Manchester, NH

The City of Manchester’s Affordable Housing Trust Fund provides funds to affordable housing developers and non-profit organizations for operating expenses, rental subsidies, rehabilitation work, and new construction of affordable housing. The use of these funds are somewhat flexible in that there are no federal strings attached. The City allocates all these funds on an annual basis as a part of the Community Improvement Program process and on a project specific basis through out the year. Developers are encouraged to contact the Department to discuss potential proposals. The fund typically allocates less than $100,000 per year for housing projects and programs.
Update Inclusionary Zoning Regulations

Issues/Opportunities Addressed:

Inclusionary Zoning (IZ) is a policy used to create affordable housing by requiring developers to include a specific percentage set aside of below-market units as part of a market-rate rental or ownership development. The IZ policy effectively leverages private market investment to create new affordable units with very little (if any) public subsidy. IZ is also an effective way of integrating affordable units across a community to provide opportunities for housing choices in neighborhoods where lower-income households may not have otherwise been able to afford. Resource-rich areas/neighborhoods may have access to better schools, healthcare options, transportation choices, and open spaces. Diversifying the locations of affordable housing may offer new opportunities to households who previously had limited choice.

Inclusionary zoning policies are typically classified as one of two types: mandatory or voluntary. In mandatory policies, affordable units must be included in all proposed developments that fit within the parameters of the policy. Voluntary policies rely on negotiations and offsets which function as incentives to encourage developers to provide affordable units.

The City of Nashua has an IZ policy already in place within the City’s Zoning Ordinance, Section 190-48. The current IZ policy is only applicable to residential development in the Downtown Zoning District or a parcel that abuts the Downtown District and is in a residential zoning district. Table 48-1 outlines the affordable housing set-aside required by development type and location. Those percentage set asides range from 3% to 20%. The City has also included incentives such as a density bonus offset, expedited permitting, and allowing certain development types to be as of right. It is worth noting that the City’s IZ policy has never been used.

Given that the current IZ policy is only applicable to development in the Downtown zoning district, it limits the geographic distribution of new affordable units and does little to spread housing choice to other areas of Nashua. A recommendation the City should consider is revising the current IZ policy to apply to city-wide to any residential or mixed-use development that exceeds a certain number of units (e.g. any development containing 10 or more units). This would help ensure new residential development in other parts of the City are also contributing to easing the affordable housing shortages over time.

A key first step to updating the City’s IZ policy is to conduct a financial feasibility analysis of the current policy and scenario test any changes the City wishes to make. Conducting a feasibility analysis will allow the City to understand what changes could be supported by market-rate residential development and which changes may slow the pace of development. The financial modeling exercise can help in the crafting of new IZ language and should include the following considerations:

- What size development should IZ be applied to?
- Where should IZ be applied in the City?
- What percentage of units should be set aside?
- Should the policy cover both ownership and rental projects?
- Should the City have a payment in-lieu option to collect money for the Affordable Housing Trust?
- What income levels should the units target?
- Should there be a tiered system for affordable units where fewer but more deeply affordable units are required versus more units at a higher income level?
- What incentives or offsets should the City offer?

Concurrently, the City could work with the entity conducting the feasibility analysis to craft an updated IZ policy that responds to the feasibility findings. This can help ensure changes to the IZ policy will not discourage private investment thereby reducing affordable housing production.
Update Inclusionary Zoning Regulations

Case Study – Inclusionary Zoning, Newton, MA

In 2018, the City of Newton, Massachusetts began a process to revise their Inclusionary Zoning policy. Housing affordability was worsening, and the City was experiencing an influx of large residential and mixed-use projects which provided ample opportunities to increase the overall number of affordable housing units.

The existing IZ policy was both confusing in its language and intention and was not leveraging private development effectively to produce affordable units. The City hired a consultant to create a financial feasibility model which could test different residential development scenarios (both owner and renter) to better understand the potential impacts of the changes the City and housing advocates were calling for.

The results of the financial feasibility model showed the City could indeed update the IZ policy to create stronger linkages between the size of the project and affordable housing requirements. For example, larger rental projects were required to set aside a higher percentage of affordable units. The new policy also created income tiers based on HUD area median income (AMI) thresholds which ranged from 50% of AMI to 110% of AMI. The City also included options for developers to provide fewer units but make them more deeply affordable to households at 30% of AMI.

The City's new IZ policy has different calculations and requirements for ownership projects and rental projects requiring different levels of affordability. Affordable ownership units are offered at 80% and 110% of AMI while rental units can go as low as 30% of AMI.

There are also calculations for cash payments and specific circumstances defining when the cash payment option may be considered favorable. Smaller projects between 7 and 9 units have the option of cash payments, the City Council can grant a Special Permit to allow cash payment, and in instances where the percentage set aside calculation results in a fraction of a unit less than 0.5. The cash payment from the development is deposited into the Inclusionary Zoning Fund which is then distributed equally to the Newton Housing Authority and the City of Newton. These funds can only be applied to affordable housing supporting households at or below 80% of AMI.

Sources: Newton IZ Policy, Newton IZ Guidebook, Newton IZ Information
The creation of a rental registry is an important step in identifying rental units and holding property owners accountable for violations to city ordinances and codes. Without a robust rental registry, the City may lack the necessary information to identify owners and tenants, quantify the number of rental units, track property turnover, and ensure compliance with all residential codes. A rental registry is, generally, a low-cost way for a city to track and regulate rental units. The component pieces of establishing a rental registry are enacting the local ordinance, defining the registration parameters, delegating responsibility to administer the program, establishing a registration fee which covers administrative costs, and determining the type and severity of penalties for non-compliance.

Enacting a local rental registry will require working with all community stakeholders to gain the requisite buy-in including property owners and tenant rights groups. Since landlords would be most impacted by this ordinance; collaboration and consultation on the part of the City is critical. The City should design the property registration ordinance in a way which benefits all parties involved and ensures it not too onerous. A vote by the Board of Aldermen would be needed to enact the ordinance.

The rental registry could be designed as a yearly process whereby landlords register their property at the start of the City’s fiscal year. This would give landlords a deadline to comply with city regulations and allow the City to establish the administrative procedures to process annual registrations. The registration process should be designed to be completed either online or via paper. An online portal could be linked to a database, while paper-based registration forms could be processed by City staff and entered in the database. The City should request basic information about the property owner, tenant(s), property location, property status (rented/vacant), and contract rent.

The responsibility of administering the rental registry could be given to the Code Enforcement Department as this department actively monitors real estate activity across the city for code violations. Currently, the City Code Enforcement staff is made up of three officers and one manager who investigate code violations and issue tickets. Based on conversations with City staff, capacity in the Code Enforcement Department may need to be increased to meet the added demands of a rental registry.

The City should ensure the rental registry fee covers the costs of administering the program, these include hiring of any additional staff or investment in a rental registry web portal. To determine the requisite fee, the City should quantify the annual cost of providing services related to the rental registry and compare that to the number of rental units to determine a flat annual fee. The City could also vary the fee based on unit type, for instance charge a higher fee for single-family units, while charging a lower fee for multi-family units.

The failure to abide by the property registration rules would result in a fine determined by the City. Some municipalities levy high fees for non-compliance, Boston for example levies a fine of $300 per month for each unregistered unit. Punitive fees can help encourage compliance with the ordinance. The net fees collected, after accounting for administrative costs, from both the rental registry program and from non-compliance could be placed into a city directed housing fund which helps lower-income landlords address housing deficiencies and addressing code violations.
Phase in Rental Registry and Inspection Process

**Issues/Opportunities Addressed:**

**Timeframe for Action:** Inspection Process - Long Term

Over time, RKG recommends that the rental registry be combined with a regular inspection requirement to ensure all rental housing in Nashua is code compliant and safe for residents. The RKG Team recommends the City require inspections every 3 years, or every 10 years for units that retain the same tenant, whichever is longer. The City will likely need additional code enforcement staff and more comprehensive tracking software to monitor compliance and progress on rehabilitation projects to accomplish this. As identified in the previous recommendation, the registration fee is intended to cover these increased costs to the City. Further, the City should ensure there are penalties for landlords that fail to register for the program, are repeat offenders to code compliance violations, and fail to complete required repairs in a timely manner. That said, the City will need to strategize about how to administer initial violations under the program to avoid potentially overwhelming both landlords and the contractors that serve this market. RKG recommends the City consider a longer grace period for a first inspection (i.e. six months rather than a standard of three months).

In coordination with addressing the impact of requiring rehabilitation efforts to gain code compliance, the City could consider creating a stand-alone repair program for code compliance for landlords that can income-verify tenants. The City’s new rental rehabilitation program could serve as a vehicle for providing funding to landlords who cannot afford to address code compliance violations on their own. Creating and capitalizing the rehab program most likely will increase compliance while enabling landlords to retain lower rents despite the repair costs. The City could add to the existing funding with any remaining registry and inspection fees.

Any financial assistance to landlords should require a minimum commitment to affordability. The City could create a sliding scale for how much a landlord can receive based on the income level of the verified tenant and location in the City. The City could establish bonuses or offer forgivable loans (with a minimum 5-year commitment) for serving lower income households (i.e. under 50% AMI) or in neighborhoods with greater housing condition issues. Revenues from the rental registry could be used to assist landlords with income verification.

Concurrent with the proposed policy and program changes to protect tenants, the City should directly engage with landlords through a landlord roundtable to discuss policy and program development and implementation. Simply put, the City should be proactively soliciting feedback from those directly impacted by these new/revised approaches to better understand and address challenges/issues that currently exist/may arise due to new approaches to addressing housing needs. Listening to the concerns of landlord during the policy/program development process can address potential impacts before finalization and build buy-in through two-way communication and coordination. The Landlord Engagement Forum should include a diverse mix of landlords (i.e. small and large landlords, racially diverse, investors from different areas of the City, student landlords…) to help identify market changes that affect existing/proposed policies.
Phase in Rental Registry and Inspection Process

Case Study – Rental Registry, Burlington, VT

The Code Enforcement Department has the responsibility of maintaining an annual apartment registry of approximately 10,000 rental dwelling units, billing and collecting rental unit registration fees, inspecting rental housing units, enforcing minimum housing standards, issuing certificates of compliance to landlords, and funding tenant and landlord advocacy services. The City requires landlords to submit a rental registration application annually.

Individual rental property owners must provide their name, address, date of birth, phone number, email, and military status (active or not). For properties owned by a corporation, partnership, or LLC, these entities are required to provide the official name, principal business address, date of incorporation, phone number, email, and military status of the corporation president and general partners.

To ensure more robust compliance with both property registrations and code enforcement, the city has a requirement that if the owners of a rental property are not located within Chittenden County, they are required to have a designated local property manager.

The fee schedule for rental property owners is as follows. New rental property owners must pay a one-time $50.00 Transfer of Ownership Fee if the property was previously registered as a rental and will continue to be so. This is for transferring records from the previous property owner to the current property owner and should be included when registering the property. Additionally, annual rental registration fees are billed in February every year and due by 01 April. The fee is $110.00 per rental units, and $80.00 for properties which are owner-occupied duplexes.
RECOMMENDATIONS
INVEST IN NEW AND EXPANDED HOUSING PROGRAMS
New and Expanded Housing Programs
Rehabilitation Programs

Expand Rental and Owner Rehab Programs

Issues/Opportunities Addressed:

Timeframe for Action: Short to Mid Term

The City of Nashua currently offers two separate residential rehabilitation programs through the City’s CDBG Housing Program. The first is an owner-occupied Housing Improvement Program (HIP) which provides 0% interest loans to correct code, safety, health, or accessibility issues. Examples of eligible activities include roofs, electrical, plumbing, wheelchair ramps and more. The loans are up to a maximum of $40,000 for the first unit and $5,000 for each additional unit. Eligibility for the program is restricted to owner-occupied properties, the owner must be of low-moderate income (at or below 80% of AMI), and the structure cannot contain more than four units.

The City also began offering a rental rehab program to assist landlords with correcting serious code, safety, health, or accessibility issues. This program is targeted to addressing critical structural needs such as roofs, heating, and structural code deficiencies. The loans are up to a maximum of $20,000 for the first unit and $5,000 for each additional unit. Eligibility for the program is restricted to owners who DO NOT reside at the property, tenants must be low-moderate income, and the structure cannot contain more than 8 units. Property owners must contribute 10% of the total contractual cost as well.

Given the estimated rehabilitation needs of property just in the Downtown area alone (estimated at $12 million), these two rehabilitation programs are of critical importance to improving and maintaining higher quality affordable housing across the City. Currently the City is funding between 4 and 13 units per year with average loan amounts between $8,500 and $15,900. The program is funded through the City’s annual allocation of federal CDBG funds which is good use of those funds, but the flexibility of those funds can create competing priorities potentially lowering the amounts available for rehab. CDBG funds, along with many federal funding sources, have been shrinking leaving entitlement communities with less money. Relying on these funds alone may leave the City with fewer dollars for not only the rehab programs, but other City programs and priorities too.

Keeping this programs in place and making them financially sustainable over time should be a priority for the City. One way to do that is to find ways to either leverage other funding sources or find ways to require payment of the loan over time to build a revolving source of capital.

The City should convert the current deferred home repair loan programs into a 0% amortizing loan program, which will allow the City to leverage additional resources before properties turn over – expanding the pool of capital that can support further home repairs. Other programs that have converted from home repair grants or deferred loans to repayable loans have proven to have similar demand levels and higher productivity while still serving very-low, low, and moderate-income level households. The City may also consider charging a small interest rate (1%-2%) for moderate income households and 0% for low to extremely low-income households.

The City could also consider using the Affordable Housing Trust as a leveraged funding source to pair with CDBG, Bond Funds, philanthropic grants, and private capital to deploy more resources in a consistent manner for home repair programs. Coupling the rehab programs with owner/investor education and conversations around the long-term affordability of units could be helpful in early identification of property sales or conversions of affordable units to market rate. Early identification of these issues could help the City approach other funders such as local banks looking to use Community Reinvestment Act (CRA) funds to keep units affordable over time.
New and Expanded Housing Programs

First Time Homebuyer Program

Reintroduce First Time Homebuyer Program

Issues/Opportunities Addressed:

Timeframe for Action: Short Term

Downpayment and closing cost assistance helps low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a downpayment and pay for closing costs on a mortgage.

Assistance can be offered in a variety of forms, including as a grant, a no- or low-interest amortizing loan or a deferred loan in which repayment is not due until the resale of the home. The assistance is often provided by a local housing agency, a nonprofit organization or a state or local housing finance agency, sometimes through a participating private lender. Program details differ across jurisdictions, but in general borrowers must fall within income and home purchase price limits and must comply with other eligibility requirements, including being a first-time homebuyer, using the home as a primary residence, and completing a homebuyer education course and/or participating in housing counseling.

The City of Nashua did offer a first time homebuyer program using federal HOME dollars which creates some challenges in housing markets with rapidly rising purchase prices. HOME funds are limited to properties at or below 95% of the median area purchase price and there must be resale provisions established which safeguard the property’s continued affordability or recapture all or part of the HOME subsidy investment. This tends to favor a forgivable loan structure often treated as a second mortgage which can require partnership with a bank.

RKG recommends the City of Nashua revisit the feasibility of offering first time homebuyer assistance in the form of downpayment assistance and closing cost assistance. These two barriers to homeownership are becoming more acute as home prices continue to escalate year over year making it more difficult for households to purchase homes for the first time and have some ability to move from rental to ownership housing.

The City will need to evaluate the type of program they would like to offer and the most effective way to fund that program. There are several approaches to structuring an assistance program, which include:

- A lump sum grant which avoids the longer-term administrative costs of a loan and tracking and processing repayment. These are most effective for small assistance amounts of less than $5,000.
- A forgivable loan which requires the homeowner to meet milestones such as living in the home for a period of time before the loan is partially or completely forgiven.
- A low- or no-interest rate loan which could require repayment over a certain period or at sale or refinancing of the home. Establishing some level of repayment could also help recapitalize the loan fund over time and serve more households.
- A shared-appreciation loan which is typically used for high downpayment assistance amounts ($15,000-$25,000) where when the home is sold the City would have the loan repaid in full plus a percentage share of the home appreciation.
RECOMMENDATIONS

EXPANDING PARTNERSHIPS
Expanding Partnerships

Leveraging Capital

Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multi-family affordable rental units across the country. The City of Nashua has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the City to take charge of those challenges and begin seeking a larger partnership between government, philanthropy and the private sector. This is a best practice in many cities across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations cities have created through co-investment opportunities between the public and private sectors.

Gathering and deploying a larger group of housing affiliates and a larger pool of resources involves the following steps:

- Education of and outreach to key stakeholders
  - Representatives from across City departments
  - Members of the housing and community development ecosystem
  - External partners from across sectors
- Assessment and pursuit of innovative financing tools and models
  - Leveraging City funds to grow available capital
  - Designating one or more targeted investment areas
  - Aggregating capital into a long-term fund supported by diverse partners to offer low cost capital
  - Shaping an effective program to finance and incentivize a wide spectrum of affordable housing

Some early action items the City should consider in assessing the feasibility of creating a larger pool of resources and partners include:

- Engage with City decision makers to deepen understanding of the need, complexity, and opportunity of public-private partnerships to fund housing programs
- Engage with likely nonprofit and private sector implementation and funding partners to improve the effectiveness of the community development service delivery system
- Convene likely partners to assess innovative financing solutions and develop a shared value proposition, to increase financial participation in new funding strategies
- Formalize new public-private partnerships to accelerate quality affordable housing development and promote access, equity, and justice, especially for the City’s most vulnerable residents
- Engage with homeowners and small landlord stakeholders

Leveraging Capital from Housing Partners

Issues/Opportunities Addressed:

Timeframe for Action: Mid to Long Term
Expanding Partnerships
Leveraging Capital

As a recent example, Charlotte, North Carolina brought together 11 funders, 6 government agencies, 2 community organizations and together they created a $200M Housing Opportunity Investment Fund (Figure 8). They had identified a challenge they wanted to address, that among America’s 50 largest cities, Charlotte ranked 50th in terms of residents’ potential for economic mobility. With many Charlotte residents severely cost burdened and struggling to find affordable housing in areas of opportunity, partners mobilized around an immediate action to produce more mixed-income housing for low-to-moderate income households as a critical first step to improving economic mobility.

Collectively, the partners are financing 1,500 units to house families with a range of incomes. The housing is in areas of opportunity, thereby upending a key structural barrier to health equity, in which the factors that determine people’s health is predicated on where they live. The example below shows one example of a leveraged, low-cost capital investment model in which partnerships enabled the city to maximize its impact with two deals by accessing the Charlotte Housing Opportunity Investment Fund (CHOIF) instead of relying solely on its Housing Trust Fund (HTF).
Continue the Partnership with the Housing Authority

**Issues/Opportunities Addressed:**

From the City side, continued assistance with expedited permitting through the Zoning Board of Appeals and Planning Board will be very helpful to keep approval times shortened. City engagement early in the design process and site plan layout are also helpful to limit iterations which cost time and money. Lastly, the City’s participation as a funder in these projects is also very helpful. Participating using HOME funds or other funding sources can add to the development capital stack increasing financial feasibility.

**Timeframe for Action:** On-Going

The Housing Authority owns and operates some of the only deeply affordable housing in the City and has the knowledge and experience to be a valuable partner on public/private partnerships to produce additional units at a variety of income levels. The City of Nashua and the Housing Authority have already shown the value of partnering on affordable housing projects such as the redevelopment of the Bronstein Apartments. The City and Housing Authority are not only expanding the total number of affordable units but are also bringing additional market-rate rental housing units to the City which are desperately needed.

Going forward, the City can continue to bring value in its financial resources, access to city-owned land, and staff resources that could help augment the Housing Authority’s knowledge of affordable housing funding, programs, construction, and operations and maintenance. The City and Housing Authority should continue to have open communication and discussions involving the purchase/use of land, pooling of resources, and engaging private sector developers to look for ways of creating additional mixed-income housing as way to both modernize and expand affordable housing across Nashua.
Right of First Refusal Policy

Issues/Opportunities Addressed:  

Timeframe for Action: Mid to Long Term

Much of Nashua’s affordable housing stock (whether deed-restricted or naturally-occurring) are rental housing units. Over time as housing pressure increases and prices escalate, there may be a strong desire on the part of landlords to let affordability requirements lapse and begin renting at market rates. If the City does not play a partnership role, these units may come off the inventory of affordable housing and leave lower-income households with limited options.

One way the City could play a stronger partnership role in affordable housing would be to implement a right of first refusal policy. This type of policy can help preserve the ongoing affordability of dedicated affordable rental housing by giving priority consideration to mission-oriented buyers when the owner of a subsidized rental property decides to stop participating in a subsidy program. Second, they can be applied to unsubsidized rental properties, helping to preserve the availability of rental units and in some cases facilitate conversion to dedicated affordable rentals. Eligible buyers may include tenant associations, nonprofit and for-profit developers, and/or state or local government agencies. Right of first refusal policies may give these buyers an exclusive period within which to make an offer on the property, or the option to match any offer made by a private buyer.

This policy is especially effective in strong and/or growing housing markets where right of first refusal policies help to preserve rental housing and prevent the conversion of subsidized rental properties to another use by enabling their sale to stakeholders who are committed to long-term affordability.

There can be a wide range of restrictiveness in the policy depending on how far the City wishes to go. This can include:

- Providing advance notification, during which the city has a non-exclusive right to identify a buyer, but seller has no obligation to sell to that party.
- Offering a true “right of first refusal,” in which eligible purchasers are given the option to match an existing purchase offer.
- Establishing a “right to make an offer” that gives eligible purchasers exclusive rights to make an offer for a designated period of time; if no offer is accepted, eligible purchasers are typically then given the right of first refusal to match any subsequent purchase offer that the owner accepts.
- Preempting private sales and requiring owners to sell the property at fair market value to a designated buyer; in this case the price is typically determined by independent appraisers.

The City may want to explore some lighter touches and early steps such as requiring advance notice of sale for any rental property which currently has affordability restrictions or has benefitted from/participated in any subsidy programs. This provision is already in place for properties utilizing Low Income Housing Tax Credits (LIHTC) which gives a right of first refusal to non-profit organizations if at the end of the compliance period the owner wishes to sell or convert the property to another use.

If Nashua’s housing availability and affordability continue to be a challenge, the City could consider taking the policy a step further and applying it to all rental properties which can be a step to help prevent displacement of residents over time. Clear guidance is needed on which properties are subject to the policy and must be communicated effectively to all rental property owners. In some cases, communities have chosen to limit the policy to older units as those may have a higher tendency to offer below-market rents and comprise a larger share of the community’s naturally-occurring affordable housing stock.
Employer Assisted Housing

Issues/Opportunities Addressed:

Timeframe for Action: Long Term

Employer-assisted housing programs provide an option for employers to help their employees with the cost of owning or renting a home. Programs can be targeted to neighborhoods near where employees work. Assistance may be provided in a variety of ways, including down payments that are forgiven over a period of employment, education and counseling around homeownership, rental subsidies, or even a direct investment in the housing development itself.

The program could be created for public-sector employees working for the City, but often it is created by and for the private sector. These programs are most successful in communities that have one or more large employers with employees who struggle to find housing that matches their income. The City of Nashua could be a partner in a program like this by providing a matching contribution to any housing subsidy payment offered by the employer.

The City should begin conversations with major employers, like the hospitals, to gauge interest in partnering over time on an employer assisted housing program.

As conversations begin with employers about creating and contributing to an employer assisted housing program, the City may want to consider the following steps to organize both the conversation and the strategy:

1. Evaluate the Housing Needs of Employees through Studies, Surveys, and Focus Groups
2. Examine the Employers Participation Options
3. Assess the Availability of Housing Options
4. Determine the Best Strategy Going Forward

The Greater Minnesota Housing Fund put together an excellent guide for both employers and communities that are looking to start conversations around an employer assisted housing program. The guide includes a primer on programs, examples, lessons learned, FAQs, and how to make the case for a program.

Source: EAH Guidebook

Case Study – University of Chicago, Chicago, IL

The Employer-Assisted Housing Program assists full-time benefits-eligible University of Chicago and University of Chicago Medicine employees with their home purchase in the neighboring communities. The program provides up to $10,000 in down payment assistance. Rental reimbursement up to $2,400 is also available for new renters in portions of nearby neighborhoods. Through this program, the University strengthens its connections to surrounding neighborhoods, retains valuable employees, and helps staff optimize their work-life balance. Income restrictions do apply to households earning over a certain amount.

Source: EAH Guidebook